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Web Exclusives

Duke Energy North America is set to announce the sale of one of its merchant gas-fired power plants by year-end, according to a Duke official.

Goldman Sachs is considering expanding and restructuring **Cogentrix's** contracted generation portfolio.

For the full stories go to *PFR's* Web site (www.iipower.com)

Edison Readies Restructuring Plan

Edison Mission Energy has signaled it will likely announce its long-awaited debt restructuring plan this week.

See story, page 2

In The News

Shell, PPM Launch \$125M Loan	3
Fortis Wraps AEP Financing	3
New Jersey Utility Hires CSFB	4
Czech Generator Eyes Financing	4
AEP Chief Details Divestiture Push	6

Departments

Weekly Recap	6
Generation Auction & Sale Calendar	8
Financing Record	11

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Getting Expensive

RELIANT SEEKS PARTNER FOR GENCO BUY

Reliant Resources is reportedly seeking a private equity partner to fund part of the acquisition of Texas Genco (TGN), an independently operated power plant portfolio with some 14 GW of capacity scattered around Houston and southeastern Texas. Wall Street bankers say the Houston-based energy concern has retained **Goldman Sachs** to advise on finding a private equity firm with which it can jointly buy the roughly \$2.4 billion 13 plant generation portfolio.

Reliant's desire to form a joint venture with a financial player reflects a four-fold rise

(continued on page 11)

NU EYES NEW ENGLAND GAS ACQUISITIONS

Northeast Utilities has two New England gas utilities in its cross-hairs as it looks to broaden its gas customer base across the Northeast. **Michael Morris**, ceo of NU, told *PFR* that the Berlin, Conn., utility is interested in buying **NiSource's** 300,000 customer **Bay State Gas** utility and a 180,000 customer **Southern Union**-owned gas distribution utility in New England that was formerly called **Providence Energy** and now part of SU's **New England Gas** business. Neither deal is imminent, he said, declining to comment on whether he has approached either company.

"We would love to expand our gas footprint if we could," said Morris, "and Bay State

(continued on page 2)

NU's Morris Seen As Frontrunner

TXU WHITTLES CEO LIST TO THREE

TXU's board of directors has shortlisted three candidates to take the helm at the Dallas utility giant and expects to anoint a successor to CEO and Chairman **Erle Nye** by year-end. Nye said one is an internal candidate and two others are external prospects. "We have been talking to a number of people, and expect to bring someone on soon, so they can be involved in planning for 2005."

Nye refused to be drawn out on the three candidates' identities, but TXU watchers

(continued on page 12)

EX-TIGER FUND FORESEES ELECTRICITY TRADING PUSH

Catequil Asset Management, a New York-based multi-commodity hedge fund founded by alumni from **Julian Robertson's Tiger Management**, expects to become more active in trading electricity derivatives and will hire opportunistically if it finds a suitable candidate.

(continued on page 12)



Check www.iipower.com during the week for breaking news and updates.



At Press Time Market Awaits Edison Restructuring Plan

Edison Mission Energy has signaled it will likely announce its long-awaited debt restructuring plan this week. Financiers say **J.P. Morgan Chase**, agent on the first loan to mature, a \$911 million facility due in December, has told lenders a proposal will be forthcoming early this month. The package may end up topping \$1 billion when the bulk of the debt at **Edison Mission Midwest Holdings** and a related unit **Mission Energy Holding Co.** is added up (PFR, 8/11).

One banker notes the prospects for the restructuring are difficult to assess without a concrete proposal on the table. But, he adds EME's parent **Edison International** has made clear it doesn't want to inject equity to ensure a debt refinancing. Regulatory filings have also stated the companies themselves will likely not have sufficient resources to pay down the debt as it matures.

Edison Mission Midwest is the parent of **Midwest Generation**, the Chicago-based unit running a 11,171 MW generation portfolio that was formed in 1999 to manage assets acquired from **Commonwealth Edison**.

NU EYES

(continued from page 1)

is a good bet." He added Providence also is on its radar screen. "That business might be an outlier for [SU] these days. If they want to sell it would also be very attractive."

In 1998, Merrillville, Ind.-based NiSource, then called **NIPSCO**, bought Bay State Gas, a gas distributor and energy services provider in Westborough, Mass., for \$780 million. "It paid a lot for that and isn't going to get that much again," says one banker.

The need to take a writedown on Bay State Gas might discourage NiSource from selling, says the banker. But other market watchers argue that NiSource is cash hungry and could prove amenable. **Chris Falzone**, a spokesman at NiSource, says the company has completed its divestiture program of non-core assets and will continue operating its gas distribution business.

New England Gas, based in Providence, R.I., serves 270,000 customers and was formed when Southern Union bought three New England companies, Providence Energy, Valley Resources, and Fall River Gas in 2000. Southern Union bought Providence Energy for \$399 million. **Jennifer Cawley**, a spokeswoman at SU did not return calls.

Peggy Jones, an analyst at **ABN AMRO** in New York, says NU has largely gotten out of the generation business and is specializing in distribution. "This is what they say is the focus of their company, and they might be looking at **KeySpan**'s distribution system in addition to NiSource and Providence," says Jones.

—N.S.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

CAI Seen Closing enXco Wind Deal

Credit Agricole Indosuez has reportedly closed a 15-year non-recourse loan that's funding construction of the 85.5 MW Chanarambie Wind Energy Project in Murray County, Minn. The deal, which was launched as an \$80 million loan, may have been slightly upsize as the developer **enXco** was looking at one point to add another smaller project to the financing, says one financier who looked at the deal. Calls to CAI were not returned by press time. CAI was looking for three lenders to come into the deal and it has landed them, says one banker. The original deal was launched during the summer (PFR, 8/25) with pricing of 175-212.5 basis points over LIBOR, and leverage of 65%.

Shell, PPM Launch \$125M Colo. Wind Loan

Lenders to **Shell WindEnergy** and **PPM Energy** have launched a \$125 million non-recourse loan to fund construction of the 162 MW Colorado Green wind farm. The deal has been in the works for some time (PFR, 9/1) and launched after the partners recently finalized the acquisition of the project from **GE Wind**. **ANZ Investment Bank** and **Rabobank** launched the financing at a bank meeting Tuesday. Calls to the firms were not returned by press time.

Precise pricing and leverage for the 14-year facility could not be ascertained, but one banker says pricing is likely to be around the LIBOR plus 175 basis point mark. The total ticket price for the farm, which will be located near Lamar, Colo., is around \$200 million. Another financier notes the strong credit ratings of Shell and PPM, a unit of **ScottishPower**, are strong pluses for the deal. "The weak link is **Public Service of Colorado**," he says, referring to the offtaker. However, he adds that weakness is relative, as the utility is still an investment-grade credit.

Fortis Wraps AEP Lone Star Financing

Fortis Capital has wrapped syndication of a \$75 million, eight-year loan for sponsor **American Electric Power** to refinance its Trent Mesa wind farm near Abilene, Texas. **Trond Rockholt**, managing director at Fortis, says four lenders came in to the deal and documentation is now being finalized. "We've achieved a successful syndication," he says.

Bank of Scotland, **BNP Paribas**, **Dexia Crédit Local** and **Manulife** rounded out the syndication roster, according to industry officials. Rockholt declined comment on the names and allocations, citing confidentiality arrangements. Officials at

the four firms either did not return calls or could not be reached by press time.

The 150 MW project loan carries a 51% debt-to-equity ratio and is priced at a 2% spread over LIBOR in years one to three, stepping up to a final spread of 2.5% in the last two years. Some players were put off the deal because of the offtake contract with a **TXU** affiliate (PFR, 9/29). However, one player says the deal has a solidly conservative structure, adding that with five lenders committing to a \$75 million deal, hold levels were comfortably achieved.

NU Looks To Bag Tighter Priced Loan

Northeast Utilities and four of its subsidiaries are in the loan market looking to place a \$650 million revolver renewal, with slightly lower pricing than last year. One banker says a \$350 million 364-day slug for the utility has fully drawn pricing of LIBOR plus 1 1/8%, which is 2/8% off last year's mark. "It's a strengthening, improving credit," he reflects. The deal is set to close next Monday.

The parent company loan is led by **Union Bank of California** and **Barclays Capital**. **Citigroup** and **Bank One** are leading a \$300 million, 364-day loan for four of NU's operating companies. One financier says 10 banks are already signed up, matching last year's roster (PFR, 11/18) and another three are expected to join. He adds the deal is not being widely syndicated as NU likes to keep its bank lender group on the smaller side so that it can manage its relationships.

Pepco Readies \$150M Asset Liquidation

Potomac Capital Investment, a financial investment arm of **Pepco Holdings**, is planning to liquidate a \$150 million portfolio of short-term liquid securities and use the funds to pay down debt. **John McCallum**, president of PCI, says the commercial paper portfolio is being held because of a medium-term note covenant that requires PCI to maintain certain marketable securities. He adds the covenant expires in the fourth quarter allowing the portfolio to be monetized.

PCI, which was set up in 1984, will use the funds to pay down inter-company loans and also for general corporate purposes. McCallum notes PCI has been transforming itself over the last few years from a general investment shop into a boutique purely focusing on energy and related areas. Its real estate holdings have been sold off and its portfolio of aircraft leasing deals has been pared back from 33 deals to three. McCallum says the roughly \$1.3 billion of assets held by PCI are now heavily weighted toward energy, with \$1.1 billion held in energy leases.

New Jersey Utility Hires CSFB

NUI, a Bedminster, N.J.-based energy trader and gas utility, has hired **Credit Suisse First Boston** to advise on finding a buyer and provide it with a \$350 million loan to improve liquidity prior to an auction.

A CSFB banker says the bank will work with New York-based **Berenson & Co.** to find a buyer. NUI's board hired Berenson earlier this year to advise on the company's financial problems (PFR, 10/6), but market watchers say once a sale was decided upon, CSFB was brought on board to fine tune the sale process. Confidentiality agreements were sent out last week to a handful of players and a sales memo will be published shortly.

CAI Chief Ponders Future

Paul Chivers, Paris-based global head of project finance at **Crédit Agricole Indosuez**, is weighing up his options at the bank after losing out to **Crédit Lyonnais'** **Michel Anastassiades** to run project finance at the soon-to-be merged French banks.

CL and CAI staffers were informed last week that CL's Anastassiades and his deputy, **Jean Francois Grandchamp des Raux**, would fill the top two project finance slots at the new bank and report to CAI veteran **Marc Tabouis**, who is named global head of structured finance.

Market watchers say Chivers is likely to leave the merged bank to seek pastures new. Chivers says it's too early to talk about his future plans, noting he's still in talks with CAI management.

Wall St. Jostles For TXU Mandate

Competition is heating up on Wall Street to land a TXU mandate to underwrite an \$800 million stranded cost securitization in January.

Morgan Stanley has been advising the Dallas-based utility (PFR, 6/16), but has not been selected to underwrite the deal, says **Joseph Fichera**, ceo of **Saber Partners**, a New York boutique that's advising the **Texas Public Utility Commission** on stranded costs. He notes **Credit Suisse First Boston**, **Bear Stearns**, **Citibank**, **J.P. Morgan** and **Goldman Sachs** are all likely candidates. **Kirk Oliver**, treasurer at TXU, says all the likely suspects, including Morgan Stanley, are vying for the deal.

The bond offering is the second of two transactions, totaling \$1.3 billion of transition bonds, for TXU. The first, for \$500 million, was completed at the end of August with Morgan Stanley as bookrunner.

Mark Lake, a spokesman at Morgan Stanley, did not return calls.

Entergy Nuclear Loan Finds Takers

New Orleans-based Entergy has bagged around \$280 million in commitments for a \$325 million letter of credit facility backing its acquisition of two nuclear facilities in New York State three years back. The deal, which launched early last month (PFR, 10/13), replaces a \$750 million facility used for the same purpose: guaranteeing the outstanding amount owed to the **New York Power Authority** under annual installment structure of the acquisition.

A financier, who's tracking the deal, says the aim is to seal financing later this month, but notes the \$750 million facility doesn't expire until next year so lead arrangers **Barclays Capital** and **Citigroup** are not hurrying the syndication effort.

One project financier, who normally avoids corporate deals, says he is taking a look at the loan because of the strong asset base and contracted power associated with the deal. Another lender adds several project finance banks are looking at the deal, but notes the nuclear nature of the assets meant the deal had to be structured with a corporate guarantee. Entergy bought Indian Point Unit 3 in Westchester County and the James A. FitzPatrick plant in Oswego County for \$967 million in 2000, with the purchase price spread over seven installments.

The loan is for **Entergy Nuclear Holdings Company No. 1** and is priced at LIBOR plus 150 basis points.

Czech Generator Eyes Non-Recourse Financing

Czech IPP **ECK Generating** is set to tap the non-recourse bank loan market shortly to refinance existing project-level debt. Mandated lead arranger **Credit Lyonnais** late last month bank began book building for a EUR250 million 15-year syndicated loan, says an official at the French bank, declining comment on which other lenders it has approached. ECKG spokesman **Martin Frýdl** could not be reached for comment.

Proceeds from the offering will be used to replace a roughly \$300 million **International Finance Corp.**-sponsored loan that was put in place in 1997 to fund the \$400 million refurbishment and expansion of ECKG at Kladno, near Prague, into a 300 MW cogeneration facility.

The refinancing effort reflects a change in ownership at ECKG and a more attractive financing environment for the plant. Swiss energy concern **Aare-Tessin Ltd. for Electricity** last fall acquired a 44% stake in ECKG from **NRG Energy**. This past spring it doubled its stake to 89% through the acquisition of minority stakes held by **El Paso Energy International**, **TECO Power Services** and **Mosbacher Power Partners**. Local wires utility **Středočeská energetická** owns the remaining 11%.

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CONFERENCE EEI Financial Conference

Over 1,200 power company executives, bankers, analysts and investors attended Edison Electric Institute's 38th Financial Conference at Marriott's Orlando World Center in Orlando, Fla. Asset sales or capital raising initiatives to shore up weak balance sheets dominated most utilities' presentations, but a select few focused on the opportunities for expansion.

Transmission Honcho Slams Feet Dragging Utilities

North American Electric Reliability Council CEO Michel Gent slammed several un-named utilities for moving too slowly in complying with new rules aimed at preventing transmission meltdowns. Gent told *PFR*, "They are dragging their feet. Some because they don't want to comply." Utilities have until early December to file compliance letters.

NERC sent out letters to utilities at the beginning of last month detailing five things they need to do to improve grid reliability. The list includes incorporating voltage reporting guidelines, measures to conserve energy in extreme temperatures; emergency reporting procedures; tree trimming measures; and training for emergencies. "These need to be made mandatory," he told conference delegates.

Since last August's blackout, NERC's recommendations have been drafted into both the House and Senate's version of the Energy Bill and Gent has found himself the public face of transmission reform. "I am giving a lot of these speeches these days," he joked with the audience, "and having to explain to Europeans where Ohio is."

ConEd Eyes Investments, As Big Apple IPP Stumbles

Consolidated Edison Co. of New York intends to invest \$1 billion in upgrading New York City's wires network over the next few years to meet growing electricity demand in the Big Apple. Eugene McGrath, ceo, told *PFR* on the conference sidelines, that "Looking forward over the next five to 10 years, we see tremendous energy needs. The whole downtown has to be rebuilt. The Javits Center needs power, and there is new growth in Queens. It's a tremendous amount of investment for us."

However, financing for one of the pending additions to New York's fleet of power plants—a 1 GW project in Queens—is failing to gain momentum, say industry watchers. Concord, Mass.-based developer SCS Energy retained Credit Suisse First Boston earlier this year to drum up private equity interest in the Queens project (*PFR*, 7/14), but has yet to seal financing, say officials. "It's been a struggle," concedes one banker. Jim

Croyle, a director at SCS, did not return calls by press time and financiers at CSFB declined to comment.

A private equity investor who's evaluated the Queens project says the investment returns simply aren't attractive enough. "ConEd did a good job for the City, but this makes it difficult to get the kind of returns private equity funds require," he argues.

AEP Chief Details Divestiture Push

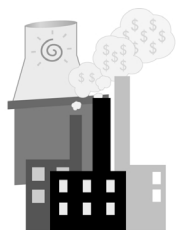
Linn Draper, ceo American Electric Power, gave the most detailed assessment yet of AEP's power plant and pipeline divestiture timeline, telling EEI delegates that it believes it can offload all non-core assets by next September.

First off the block could be a portfolio of 12 mostly thermal plants in Texas that are being sold as part of deregulation in the Lone Star State. Draper says final bids are due late this month and a sale should be completed the following month. Bankers familiar with the process say the generation assets may not be sold as a single portfolio.

Draper also forecast that AEP's Houston Pipeline should be offloaded next month and Louisiana Interstate Gas Pipelines by next June. "HPL all depends on how the Enron sale goes," says Draper. AEP is looking for a Texas bankruptcy court to resolve uncertainty surrounding the ownership status of gas held within Bammel, an Enron storage facility that supplies HPL. Draper also said AEP Coal was expected to be divested in March and IPPs for sale in Florida and Colorado could be sold by July (*PFR*, 10/13). AEP's 70% ownership of Pushan, two 125 MW coal fired plants near Nanjing City, China, will be sold by September 2004. Credit Suisse First Boston is advising on that process.

Seen 'N' Heard

- Delegates wondered why Exelon's executive team failed to attend the sector's biggest annual shindig. The Chicago-based utility giant sent investor relations staff, but none of its top brass put in an appearance. "Maybe they are working on the Illinois Power deal," mused one analyst, referring to its already announced utility acquisition. "I heard they were working on buying DTE Energy," said another banker. "No, they are buying CMS," said another. Exelon's representatives simply said management was detained at a board meeting.



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Citi	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Citi	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	Seeking non-binding bids by end of October.
	Mulberry	Fla.	120 (45%)	Gas	CSFB	
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coleto Creek	Texas	632	Coal		
	Oklunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Maine	85 (24.3)	Coal		
	Topsham	Maine	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Copgen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Separate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Covanta Energy	Heber	Calif.	52	Geothermal	None	Caithness/ArcLight have bid \$170m for the three plants
	SIGC	Calif.	48	Geothermal	None	
	Mammoth	Calif.	40	Geothermal	None	
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Duke Energy North America	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched sale in September
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County Independence	Texas Ark.	550 (70%) 842 (15%)	Gas Coal		
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas		Ongoing.
	West Georgia	Ga.	640	Gas	BofA	Looking for advisor to assist with sale. Looking for advisor to assist with sale.
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Boliva	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro	Lazard Frères	Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Reliant Resources	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		

* Looking to sell the California-located Jupiter portfolio as a single block

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Asia & Australasia

- **China Yangtze Power**, which is developing the \$22 billion Three Gorges hydro project on the Yangtze River, has received government approval to raise some \$1.2 billion in an initial public offering. The company will be listed on the **Shanghai Stock Exchange** (*Financial Times*, 10/28).
- **TXU**, which is suffering from a credit crunch prompted by the collapse of its European arm, is considering partially spinning off its Australian business through an initial public offering (*Financial Times*, 10/28).

Europe & Middle East

- **Bouygues**, a French telecoms and construction group, has decided to exercise a EUR610 million option to acquire a 10.1% stake in its **Bouygues Telecom** subsidiary that is presently held by **E.on** (*Financial Times*, 10/28).
- German wind energy firm **Plambeck** and Denmark's **ENERGI E2** are forming a joint venture to build a \$1.2 billion offshore wind farm at Borkum-Riffgrund in the German North Sea. The first phase of the project, to be completed in 2006, will entail erecting 77 3 MW wind turbines (*Reuters*, 10/27).
- Italy's Economy Ministry has sold a 6.6% stake in **Enel**, Europe's largest listed power company, to **Morgan Stanley**. The stake was reportedly sold for EUR2.1 billion, and comes as the government bids to cut public debt and narrow its budget deficit. It's the second round of privatization at Enel. The first round in November 1999 raised EUR16 billion in what was Europe's largest-ever initial public offering. The Italian government's stake in Enel is 61% (*Dow Jones*, 10/30).

U.S. & Canada

- **Mirant** and **Pepco Holdings** have agreed to restructure two power purchase agreements that the Atlanta-based IPP had been seeking to void. Mirant supplies Pepco with electricity for customers in Maryland and the District of Columbia. The settlement provides Mirant with higher energy prices and will have no effect on rates paid by the Pepco customers. The agreement is subject to court approval (*Reuters*, 10/27).

- **Entergy** has found evidence of a boric acid leak at its 1,100 MW Waterford nuclear reactor in Louisiana (*Dow Jones*, 10/27).
- **Duquesne Light** has agreed to acquire a 450 MW Pennsylvania power plant and related assets from **WPS Resources**. Pittsburgh-based Duquesne is acquiring the plant via its **Duquesne Power** unit for \$120 million. The Sunbury Generating Station is located in Snyder County and has coal-, diesel- and fuel oil-burning generators (*Reuters*, 10/24).
- An ex-**Enron** pipeline engineer going by the name **NRun** is releasing a rap album, *Corporate America*, that chastises his former bosses by name. NRun, whose real name is **David Tonsall**, lost his job after Enron's collapse in 2001. Tonsall said he is angry that the Enron criminal investigation is taking years and has yet to name anyone higher up the corporate ladder than former CFO **Andrew Fastow** (*Reuters*, 10/24).
- Senate Republicans warned an impasse over ethanol taxes could scuttle the energy bill that Congress has struggled to pass for three years. Some participants in the talks say the White House is not exerting enough pressure on the opposing parties (*Houston Chronicle*, 10/28).
- The **Securities and Exchange Commission** stepped up its action against ex-**Enron** Chairman **Ken Lay** for refusing to turn over records he has supplied bankruptcy officials. "Lay's refusal to designate and produce corporate records to the SEC... is an outrage and belies his self-serving and disingenuous claim that he is fully cooperative with the SEC. This court should not permit Lay to continue this charade," SEC lawyers wrote to the Washington, D.C., court they've asked to compel Lay to turn over records (*Houston Chronicle*, 10/28).
- Illinois ratepayer advocate **The Citizens Utility Board** has criticized **Exelon** for trying to shorten the regulatory review for its plan to buy **Dynegy's Illinois Power** unit and also simultaneously asking regulators to approve a rate hike. Exelon's **Commonwealth Edison Co.** utility says the rate hike is a necessary part of a deal that would ensure reliability and jobs in and around Decatur, Ill., where Illinois Power is based (*Dow Jones*, 10/27).

• The blackout in mid-August cost New York City's economy as much as \$1 billion, according to a report released by Mayor **Michael Bloomberg**. The outage left thousands of New Yorkers stranded in the sweltering heat on Aug. 14 when the electricity went off shortly after 4 p.m. (*Reuters*, 10/28).

• **National Grid Transco** has appointed **Mike Jesanis**, as president of **National Grid USA**, its U.S. distribution business. He replaces **Rick Sergel**, who is set to retire (*Financial Times*, 10/28).

• **GE Wind** has closed the sale of a 162 MW wind farm near Lamar, Colo., to a joint venture between **PPM Energy** and **Shell WindEnergy**. The Colorado Green Project is expected to be completed later this year and will be operated by GE Wind (*Reuters*, 10/28).

• **Dave Delaine**, former head of Enron North America and **Enron Energy Services**, has pleaded guilty to charges that he used massive trading profits in California as a slush fund to cover up losses in other business units (*Financial Times*, 10/31).

RELIANT

(continued from page 1)

in TGN's share price over the past year and a realization among Reliant's top brass that its overstretched balance sheet cannot muster the acquisition firepower to fund the deal alone, explains one banker. He adds Reliant wants to acquire TGN to meet the load obligations of its 1.7 million customer base centered around Houston.

Sandy Fruhman, spokeswoman at Reliant, says the company has yet to say whether it intends to exercise an option to acquire TGN. She says Reliant's management will likely elaborate on its plans during an earning conference call on Nov. 10. Calls to Goldman's press office were not returned.

One banker notes that Reliant is looking to structure the

J.V. as a standalone business, comprising both TGN's power plants and Reliant's Houston customer base. The private equity fund would provide most of the capital to fund the acquisition, while Reliant would provide the customer base.

Houston wires utility **CentrePoint Energy** presently owns 81% of TGN, with the remainder publicly held. As part of an agreement inked when CentrePoint and Reliant de-merged last year, Reliant has the option to acquire CentrePoint's stake in TGN during a Jan. 10-24 window at a price equivalent to the IPP's highest rolling 30-day average stock-market valuation over the preceding 100 days.

In anticipation that Reliant would acquire TGN, its stock has soared in recent months, rallying from \$8 early this year to \$30 last week. U.S. hedge funds are the primary holders of the free float, say bankers.

—Will Ainger

Financing Record (OCTOBER 23 - OCTOBER 29)

Bonds

Issue Date	Maturity	Issuer	Principal Amount(\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Treasury	Moody's	S&P	Bookrunner(s)
10/29/03	01/15/14	CenterPoint	160	99.508	Notes	5.95	178	Ba1	BBB	Barclays/CSFB
10/29/03	11/15/33	Empire District Electric	62	99.611	Notes	6.7	157	Baa2	BBB-	UBS

M&A

Date Announced	Date Effective	Target Name	Target Country	Acquiror	Acquiror Country	Value (\$mil)
10/23/03	10/23/03	Connoquenessing	U.S.	Pennsylvania-American Water	U.S.	1.2
10/23/03	-	Wisvest	U.S.	Siemens Westinghouse	U.S.	57
10/24/03	-	HPL Congeneration	India	Haldia Petrochemicals	India	33.18
10/24/03	-	WPS Resources	U.S.	Duquesne Power	U.S.	120
10/25/03	-	Gelsenwasser	Germany	Investor Group	Germany	279.008
10/27/03	-	Subic Enerzone	Philippines	Mirant Philippines	Philippines	-
10/28/03	-	Xingshan Xinfu-Hydroelectric	China	Hubei Xingfa	China	10.894
10/29/03	10/29/03	United Utilities Gas	U.K.	East Surrey	U.K.	5.263

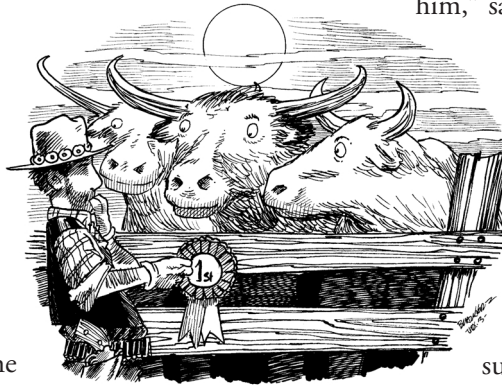
Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

TXU WHITTLES

(continued from page 1)

believe Northeast Utility CEO Michael Morris is on the company's wish list and that the internal candidate is likely Tom Baker, group president of TXU Energy North America. Another name touted by delegates at the EEI conference is Tony Earley, ceo of Detroit-based DTE Energy. Morris declined to comment on whether he's in talks with TXU and calls to Earley were not returned.

Most market watchers believe the TXU board will opt for an external hire given the Texas utility's poor stock market performance over past two years and the calamitous collapse of its TXU Europe subsidiary late last year (PFR, 10/14/02). An external choice who's performed well elsewhere, such as NU's Morris, would do much to reassure disgruntled investors, say market



watchers. Similarly, TXU's Baker could land the top slot as he is one of few senior TXU executive who hasn't been tainted by the TXU Europe debacle. "If there is an internal candidate, it's him," says a Wall Street banker who covers TXU.

Nye announced in May that he was retiring and would name a successor by August. The search timetable was put back following last August's blackout, Nye explained.

Nye has a five-year contract with TXU and will likely stay on as non-executive chairman once a new ceo is appointed. "My role depends on the successor that is chosen," he said. "It all depends on what role he or she would like me to play."

Officials at Heidrick & Struggles, which is handling the search, did not return calls.

—Nina Sovich

EX-TIGER

(continued from page 1)

Paul Touradji, co-founder and managing partner, says Catequil has entered financially settled electricity derivative trades on a limited basis and expects to become more active in this market in the long term as liquidity improves. "Up until two years ago, one had to be a physical player," he notes, adding that market leader Enron collapsed just as liquidity in financial instruments was taking off.

Touradji says he and co-founder Robert Ellis will continue to trade the U.S. electricity derivatives markets themselves until—and if—a suitable hire is found. He declined to expound on the qualities an ideal candidate might possess.

The fund, which has some \$1 billion in assets under management, is named after the Inca god of lightening and thunder. Catequil is part of a small but growing band of hedge funds trading electricity derivatives. D.E. Shaw, Susquehanna International Group and Citadel Investment Group recently jumped into the market.

—Victor Kremer

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Calender

Synergy will hold the *EMART Energy 2003* conference in Amsterdam, Nov. 25-26. Speakers include Stefan Judisch, managing director at RWE Trading, Mark Elliot, general counsel at Entergy-Koch Trading, and Aitor Moso, head of power trading at Iberdrola Generacion. For further details visit www.emart-energy.com.

Quote Of The Week

"They are dragging their feet." —Michehel Gent, ceo of Washington, D.C.-based North American Electric Reliability Council, complaining that some utilities are not moving quickly enough to comply with new transmission rules (see conference coverage, page 6).

One Year Ago In Power Finance & Risk

San Jose, Calif.-based Calpine was slated to put a 1 GW portfolio of qualifying facilities up for sale in an effort to raise cash and bolster financial liquidity. [Calpine put 11 plants on the market but only executed three sales. It sold the 115 MW King City Power Plant in California to GE Structured Finance, the 153 MW Auburndale plant in Florida to a subsidiary of ArcLight Capital Partners and a 50% stake in the Gordonsville plant in Virginia to Dominion Virginia Power. Ron Walter, executive v.p. of development at Calpine, told PFR this fall that the IPP had taken the remaining plants of the block.]